

VA Retro/Disabled Military Retiree's Retroactive Pay

On September 1, 2006, the Defense Finance and Accounting Service (DFAS) and the Department of Veterans Affairs (DVA) finalized plans for disabled military retiree retroactive pay, commonly called the VA Retro program. The program is designed to pay more than 100,000 eligible military retirees any retroactive money due as a result of increases in their percentage of disability. These payments include adjustments to Combat-Related Special Compensation (CRSC), Concurrent Retirement and Disability Pay (CRDP), and DVA disability compensation. Individual amounts will vary based on differences in disability amount and length of retroactive period.

CRSC is available to retired military personnel who have a combat-related DVA disability rating of at least 60 percent effective June 1, 2003, (or 10 percent with purple heart) subsequently decreased to 10 percent effective January 1, 2004. CRSC entitles recipients to additional funds designed to compensate them for the reduction in military retired pay due to the receipt of DVA compensation. Through CRSC, recipients can receive partial or full concurrent receipt of military retirement pay and DVA disability compensation. CRSC is paid based on the combined disability rating of combat-related disabilities for which recipients actually receive DVA compensation.

CRDP is a phased-in restoration of the retired pay deducted from military retirees' accounts due to their receipt of DVA compensation (reflected on Retiree Account Statements as the "VA waiver"). The phased in restoration began January 1, 2004, and applies to military retirees who have a DVA-rated, service-connected disability of 50 percent or higher. CRDP payments reflect as a decrease in the VA waiver deduction on recipients' Retiree Account Statement; however, they continue to receive the same amount from DVA. CRDP payments are taxable and subject to collection actions for alimony, child support, community property, garnishment, and government debt.

A disabled military retiree maybe eligible for both CRSC and CRDP but by law can not receive both. Each year an Open Season is provided so that recipients can elect which type of payment they want to receive.

Retirees may be eligible for payment from DFAS as a restoration of retired pay or from DVA as part of disability compensation. Retirees entitled to additional money from DFAS will receive notification by mail of money due and a schedule of payment. If recipients are entitled to additional compensation from DVA, DVA is responsible for payment and will notify affected retirees.

DFAS began VA Retro payments in September 2006 and DVA began issuing payments in November 2006. Completion of the majority of payments is expected within 6 months, and it could take up to 6 more months to calculate and pay the most complex retroactive pay accounts. These involve multiple DVA rating adjustments, shifts by retirees between CRDP and CRSC, ex-spouse pay entitlements, and any other issues that require lengthy record searches.

No action is required by the retiree to initiate the VA Retro investigation. DVA is providing DFAS with the eligible retiree Social Security Number. Both organizations are working together to provide eligible retirees with their full entitlements to both DVA compensation and CRSC or CRDP.

Deceased military retirees may not receive CRSC or CRDP past the date of death. However, the deceased military retiree's designated beneficiary is entitled to any unpaid military retired pay. Retroactive increases made prior to the military retiree's death and during the period in which CRSC/CRDP were paid provides for entitlement to VA Retro payments. These payments will be made to the beneficiary of the deceased.

Depending on the outcome of the case review, the retiree may receive more than one payment. This may occur for two reasons. If your retroactive period(s) of increased award include CRSC and CRDP, you will receive one payment for CRDP (which is taxable) and one for CRSC (which is not taxable). The second reason this may occur is that the retiree may be entitled to money from both DFAS and DVA.

Military retirees may call 1-877-327-4457 for issues concerning their entitlement for VA Retro. Trained customer service representatives are available at this phone number, which is exclusively for VA Retro questions, Monday

through Friday from 8:00 a.m. to 4:30 p.m. (ET). Questions concerning disability percentages should be directed to DVA at 1-800-827-1000.

For all other questions regarding military retired pay, regular recurring CRSC or CRDP payments, allotments, taxes or any other retired pay-related business, call 1-800-321-1080. Service is available from 7:00 a.m. to 7:30 p.m. Monday through Friday (except federal holidays). Military retirees can also find regular updates concerning VA Retro on the DFAS Web site: www.dod.mil/dfas.